

Warehouse market



Q4 2023

The comprehensive guide to the warehouse market in Emerging Markets

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Emerging Markets

Emerging Markets

Q4 2023

- Existing warehouse stock
4.8m sq m
- Supply under construction
310,000 sq m
- Vacancy rate
10.6%
- New supply (2023)
900,000 sq m
- Take-up (2023)
320,000 sq m

Standard lease terms in warehouse buildings

- Asking rents for warehouse space
EUR/sq m/month
3.50-4.50
- Asking rents for office space
EUR/sq m/month
10.00-11.50
- Service charge
PLN/sq m/month
4.00-7.00
- Rent-free period
1-1.5 month

Alongside Poland's primary logistics hubs, the warehouse sector is experiencing steady growth in emerging markets such as the Toruń and Bydgoszcz regions, the vicinity of Rzeszów, Eastern Poland (including Białystok, Lublin, Olsztyn), Kielce, Zielona Góra, Legnica, and the conveniently connected regions bordering Germany. The warehouse stock in these areas at the end of Q4 2023 was estimated at nearly 4.8m sq m, constituting 15% of Poland's total existing stock. These emerging markets are witnessing dynamic development, fuelled by increasing tenant interest in new locations that offer enhanced communication infrastructure and access to a suitably skilled workforce. With very low unemployment rates and challenges in finding sufficient labour in the main logistics hubs, manufacturing and logistics companies are exploring alternative locations. The integration of the Via Baltica and Via Carpatia international routes into the transport network is set to enhance the accessibility of regions in Eastern Poland further.

In 2023, the concentration area of emerging markets garnered substantial interest from developers, resulting in the delivery of the largest volume of space to the market, amounting to 900,000 sq m – the highest among all concentration areas. Western Poland held the largest share, with 440,000 sq m of modern space delivered to tenants. Despite the cumulative supply in emerging markets in 2023 being the highest among other regions in Poland, it was nearly 12% lower than the previous year's record volume of new supply. Notable buildings completed outside the major concentration areas include Panattoni BTS Zalando Bydgoszcz (146,000 sqm), Panattoni BTS Best Secret (88,500 sq m), and CTPark Sulechów (82,000 sq m). The first two facilities were developed in the Build-to-Suit (BTS) format, tailored for specific tenants, while the developer's CTPark in Sulechów was developed on a speculative basis.

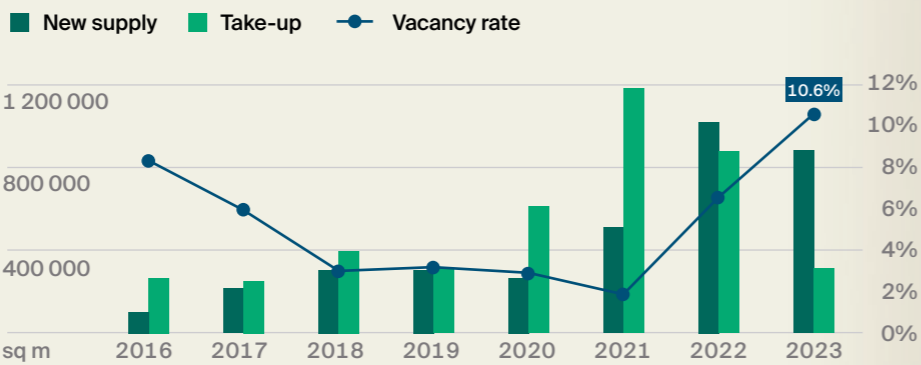
At the end of December 2023, 310,000 sq m remained under construction, with the largest facility being Panattoni Park Bolesławiec spanning 49,500 sq m. While supply under construction showed a q/q increase, it significantly decreased compared to the fourth quarter of 2022. Over 50% of the space under construction at the end of 2023 was already secured by lease contracts. Between October and December 2023, construction of 150,000 sq m of warehouse space has started.

In emerging market areas, there has been a noticeable decline in tenant activity. In 2023, leasing activity amounted to 320,000 sq m, marking a 65% decrease from 2022. The quarterly take-up of warehouse space also showed a negative trend. Notable transactions included an expansion at Panattoni BTS Best Secret (46,000 sq m), and new agreements at DL Invest Rzeszów (26,000 sq m) and Panattoni BTS Trilux Świdnik (24,500 sq m) parks. The lease structure in emerging markets was predominantly comprised of new agreements, which accounted for 60% of concluded transactions, followed by expansions at 25%, and renewals at 15%.

Reduced demand and a substantial amount of space put into use contributed to an increase in the vacancy rate. The vacancy rate in developing areas was 10.6% at the end of Q4 2023, marking a 4.1 pp increase compared to the figure from 12 months previous.

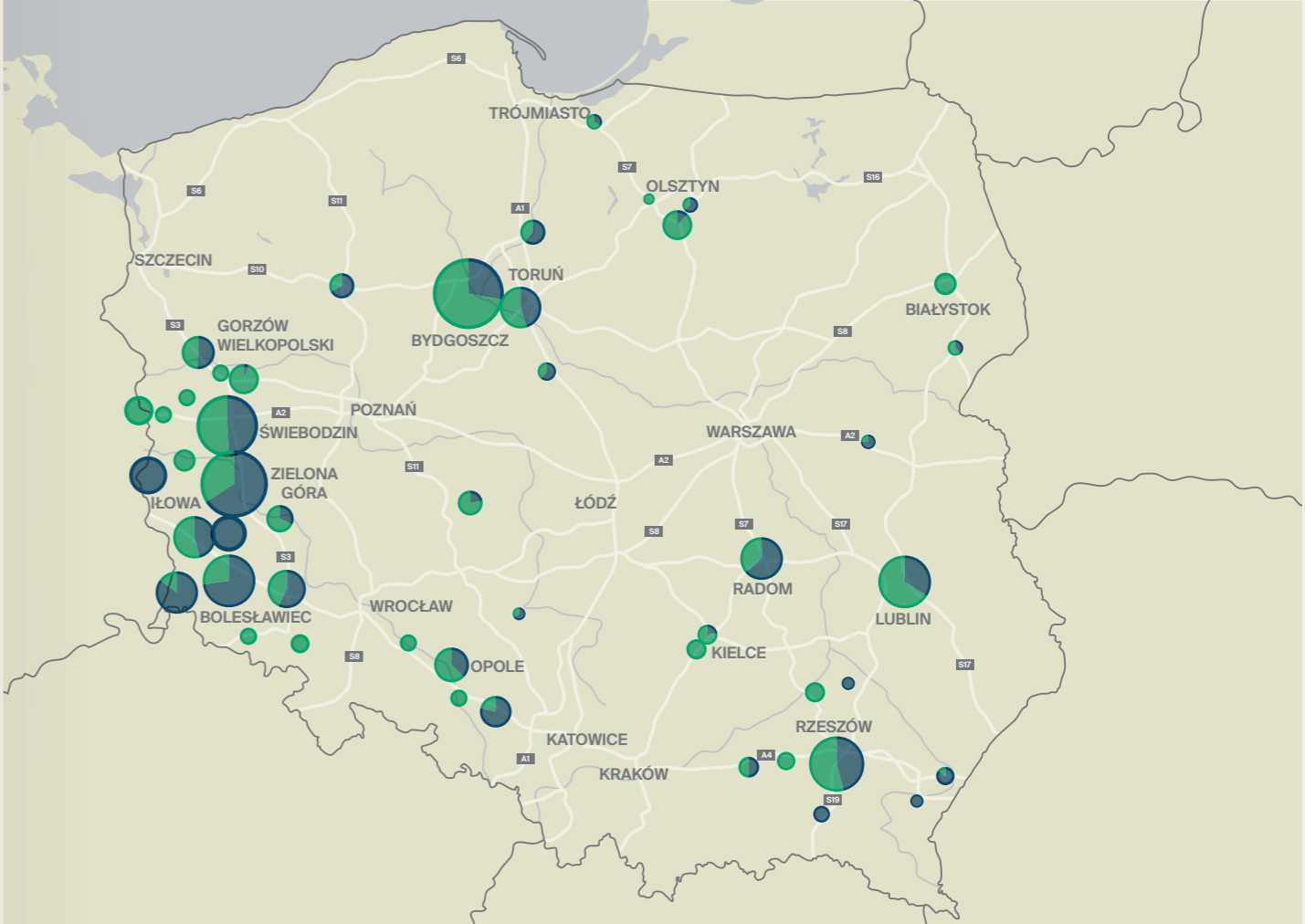
In Q4 2023, asking rents in the warehouse sector within the Emerging Markets region remained unchanged from the previous quarter.

New warehouse supply, annual take-up, vacancy rate in Emerging Markets



Source: Knight Frank

Location of warehouse projects in the region



Source: Knight Frank

- Existing, under construction and planned warehouse space
- % share of existing stock
- % share of under construction and planned supply

TOP 5 warehouse destinations in the region (by existing stock)

- 1. Bydgoszcz
710,000 sq m
- 2. Lublin
420,000 sq m
- 3. Rzeszów
400,000 sq m
- 4. Świebodzin
370,000 sq m
- 5. Zielona Góra
290,000 sq m

Poland

Population
37.8m

Area
312,720 sq km

ECONOMIC DATA
(12.2023, STATISTICS POLAND)

Unemployment rate
5.1%

Average monthly salary
(enterprise sector)
PLN 8,000 (gross)

Average monthly salary
(transportation and storage sector)
PLN 7,580 (gross)

HIGH-SPEED ROADS

Highways

- Kujawsko-pomorskie
170 km | A1
- Opolskie
90 km | A2
- Lubuskie
90 km | A2

Expressways

- Lubelskie
90 km | S12
- Podlaskie
90 km | S61

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